

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTON COUNTY WATER)	
DISTRICT NO. 1 TO ISSUE REVENUE BONDS)	
IN THE APPROXIMATE PRINCIPAL AMOUNT OF)	
\$10,955,000, SERIES B 1992, FOR THE)	
PURPOSE OF DEFEASING IN ADVANCE OF)	
MATURITY THE 1988 SERIES B OUTSTANDING)	CASE NO. 92-400
BONDS OF THE DISTRICT; AND TO COMBINE)	
THE REVENUE BONDS AUTHORIZED TO FUND)	
CERTAIN EXTENSION PROJECTS IN CONNECTION)	
WITH A DLG GRANT AS AUTHORIZED IN CASE)	
NO. 92-179, THUS SAVING EXPENSE)	

O R D E R

Kenton County Water District No. 1 ("Kenton District") has applied for authorization to issue revenue bonds in the approximate amount of \$10,995,000. The proceeds of the proposed bond issuance are to refinance outstanding revenue bonds and finance certain water system improvements.

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Kenton District proposes to issue revenue bonds in the approximate amount of \$10,955,000. The proposed bonds will be issued serially and will mature over a 25-year period. Kenton District intends to pledge all water district revenues as security for the proposed bonds.

2. Approximately \$10,155,000 of the proceeds of the proposed issuance will be used to defease Kenton District's outstanding 1988 Series B Bonds in advance of its maturity.

3. Based on an average coupon or interest rate of 6.038 percent, the refinancing of the 1988 Series B Bonds will result in an actual debt service savings of approximately \$2,539,000 and a net present value savings of \$1,319,000.

4. Approximately \$800,000 of the proceeds of the proposed bond issuance will be used to finance certain water system improvements which the Commission has previously approved in Case No. 92-179.¹ Notwithstanding Kenton District's assertions to the contrary, the Commission has never expressly authorized the issuance of revenue bonds to finance this construction.

5. All savings estimates are premised upon the refunding bonds having an average coupon rate which does not exceed 6.04 percent. Any increase in the average coupon rate will reduce the amount of savings which the proposed bond issuance achieves.

6. The proposed bond issuance is for a lawful object within Kenton District's corporate purposes, is necessary and appropriate for and consistent with Kenton District's proper performance of its service to the public and will not impair Kenton District's ability to perform that service and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Kenton District is authorized to issue revenue bonds in the approximate amount of \$10,955,000.

¹ Case No. 92-179, Application of Kenton County Water District No. 1 for a Certificate of Public Convenience and Necessity for Sub-District A; Financing and Rates, Order dated May 14, 1992.

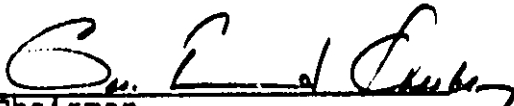
2. Kenton District shall use the proceeds of the proposed bond issuance only for the purposes set forth in its application.

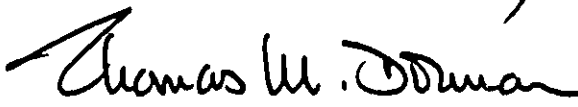
3. Should changes in financial market conditions occur prior to the proposed bond issuance which prevent the refinancing of the 1988 Series B Bonds from achieving an actual or net present value savings, Kenton District shall not issue the proposed bonds.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 6th day of November, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director